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**HF 737** – School Budget Enrollments, Disaster Affected Areas (LSB 2473HV)  
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Fiscal Note Version – New

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### **Description**

**House File 737** permits school districts to use the previous year's budget enrollment for the two subsequent budget years, if they were significantly impacted by a governor-declared state of disaster emergency or a presidentially-declared major disaster and experienced enrollment decreases. The Department of Education will determine school district eligibility for this provision.

### **Background**

Following the natural disasters of 2008, 85 counties were presidentially-declared natural disaster areas. There were 314 school districts in these counties and 215 of these districts had enrollment declines between October 2007 and October 2008. The Department of Education surveyed school districts and identified 66 school districts that were significantly impacted. Of these 66 school districts, 48 school districts reported a decrease in enrollment between October 2007 and October 2008.

### **Assumptions**

- Of the 66 school districts identified in the survey, 48 had enrollment decreases between October 2007 and October 2008 and would be eligible to use the previous year's budget enrollment. The estimated total budget enrollment increase totals 1,795.
- Of these 48 school districts, 25 would have been eligible to receive budget guarantee funding under current law, but will not be eligible under House File 737. This is estimated to reduce the budget guarantee total by \$1.7 million.
- The FY 2010 property tax adjustment aid totals \$24.0 million. Fifteen of the disaster-eligible school districts will impact the overall distribution of the property tax adjustment aid resulting in a reduction of approximately \$400,000 that would have been distributed to other districts under current law.
- The fiscal estimate is based on 48 school districts eligible under House File 737. If all districts located in a presidentially-declared major disaster area with decreasing enrollments were deemed eligible, the estimated State aid increase to fund increased enrollments in FY 2010 would be \$30.5 million for 215 school districts.
- There may be an impact on the overall distribution of State aid for the Instructional Support Program allocated to school districts, but the Statewide total will not be impacted.
- Enrollment projections were used to estimate the fiscal impact in FY 2011.

### **Fiscal Impact**

The fiscal impact of House File 737 will occur in FY 2010 and FY 2011 based on the natural disasters of 2008.

In FY 2010, the Statewide estimated impact will be an increase in General Fund expenditures to fund State school aid of approximately \$9.4 million. The 48 disaster-area-eligible school districts would receive approximately \$9.8 million in additional State aid. Overall, the combined district cost (State aid and property tax) for the eligible districts will increase approximately \$9.3 million.

#### **FY 2010 Estimated Statewide Impact**

	<b>Budget Enrollment</b>	<b>Total State Aid Amount</b>	<b>Total School Foundation Property Tax Amount</b>	<b>Total Budget Guarantee Amount</b>	<b>Total Combined District Cost Amount</b>
Current Law Estimate	477,019.0	\$ 2,314,409,203	\$ 1,221,926,173	\$ 11,536,876	\$ 3,502,598,161
HF 737 Estimate	478,814.2	\$ 2,323,828,391	\$ 1,221,763,709	\$ 9,810,999	\$ 3,511,854,884
<b>Estimated Impact</b>	<b>1,795.2</b>	<b>\$ 9,419,188</b>	<b>\$ -162,464</b>	<b>\$ -1,725,877</b>	<b>\$ 9,256,723</b>
Estimated Number of Districts Directly Impacted:			48		

In FY 2011, the Statewide estimated impact will be an increase in General Fund expenditures to fund State school aid of approximately \$13.5 million directly impacting 47 districts. In addition, there may be an impact on the amount of State aid for the State categorical supplements in FY 2011, but that amount is not included in this estimate.

#### **FY 2011 Estimated Statewide Impact**

	<b>Budget Enrollment</b>	<b>Total State Aid Amount</b>	<b>Total School Foundation Property Tax Amount</b>	<b>Total Budget Guarantee Amount</b>	<b>Total Combined District Cost Amount</b>
Current Law Estimate	477,132.8	\$ 2,370,141,416	\$ 1,280,181,231	\$ 26,581,261	\$ 3,596,559,178
HF 737 Estimate	479,638.8	\$ 2,383,624,711	\$ 1,283,286,122	\$ 27,258,173	\$ 3,613,147,363
<b>Estimated Impact</b>	<b>2,506.0</b>	<b>\$ 13,483,295</b>	<b>\$ 3,104,891</b>	<b>\$ 676,912</b>	<b>\$ 16,588,185</b>
Estimated Number of Districts Directly Impacted:			47		

#### **Sources**

Iowa Department of Education  
Iowa Department of Management, School Aid file  
LSA Calculations

/s/ Holly M. Lyons

March 19, 2009

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56, Code of Iowa](#). Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.